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*Proposed Counsel for Lenard E. Schwartz,
 Chapter 11 Trustee*

**UNITED STATES BANKRUPTCY COURT
 DISTRICT OF NEVADA**

In re

HOTEL FURNITURE SALES, INC.,

Debtor.

Case No. BK-S-09-29126-mkn

Chapter 11

**DECLARATION OF LENARD E.
 SCHWARTZ IN SUPPORT OF
 MOTION OF CHAPTER 11 TRUSTEE
 FOR CONVERSION OF CASE TO CASE
 UNDER CHAPTER 7**

Date: OST pending

Time: OST pending

I, Lenard E. Schwartz, do hereby declare under penalty of perjury as follows:

1. I am over the age of eighteen and am competent to make this Declaration. I have personal knowledge of the facts in this matter, except where stated upon information and belief.

2. I am the duly appointed Chapter 11 Trustee for the estate of Hotel Furniture Sales, Inc. (the "Debtor").

3. I make this Declaration in connection with the *Motion of Chapter 11 Trustee for Conversion of Case to Case Under Chapter 7* (the "Motion") filed concurrently with this Declaration, and if called to testify, I could and would testify to the following statements set forth herein.

4. On or about October 12, 2009 (the "Petition Date"), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor has continued to manage its affairs as debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code.

5. On or about July 13, 2010, the Court entered an *Order Granting Motion for Order Converting Case to Chapter 7 or for Appointment of Chapter 11 Trustee or Examiner* [Docket No. 150].

6. On or about July 13, 2010, the Office of the United State Trustee filed the *Appointment of Lenard E. Schwartzer As Trustee For The Estate of Hotel Furniture Sales, Inc.* [Docket No. 151]. The Debtor sells furniture to the public.

7. Since my appointment, my staff and I have been diligently working to understand the scope and value of the Debtor's business and property in an effort to promptly determine the most efficient manner to administer the assets of these estates.

8. I have concluded that post-petition financing is necessary for the Debtor to successfully reorganize pursuant to Chapter 11, and that without such financing continued operation of the business in Chapter 11 will not result in a confirmable plan of reorganization

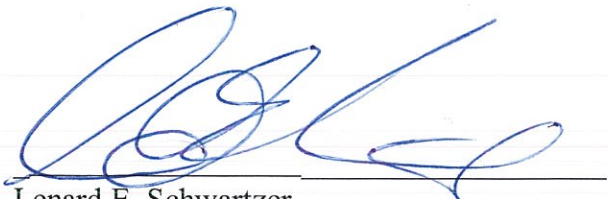
9. I have received notice from Debtor's counsel confirming that the Debtor is unable to secure the financing required to continue operating the business. (See **Exhibit "1"** to Motion)

10. I have also concluded that the Debtor's assets can be liquidated just as effectively and efficiently in Chapter 7 as in Chapter 11.

11. I believe that if this bankruptcy case were to continue in Chapter 11, the Debtor's estate does not contain the requisite cash necessary in order to fund the administrative expenses that will be incurred by the Debtor's estate on an ongoing basis.

I declare, under penalty of perjury, that the foregoing is true and correct, to the best of my knowledge, information and belief.

Dated this 6th day of OCTOBER, 2010.


Lenard E. Schwartzer,
Chapter 11 Trustee